Bert Hoffmann / Katrin Hansing

Past migration patterns and the return of socio-ethnic hierarchies in Cuba’s new economy

Abstract

Few political transformations have attacked social inequalities more thoroughly than the 1959 Cuban Revolution. However, this paper shows the return of structural inequalities which echo the pre-revolutionary social and ethnic hierarchies. The findings are based on a unique, nationwide survey with more than 1,000 respondents which the authors were able to conduct. They show that the driving factor for today’s inequalities is the social and racial bias of past migration patterns. These translate into highly unequal access to family remittances today – and with the opening to private business family money from abroad has become the key start-up capital to succeed in this emerging economy. In addition, Spain’s 2007 “grandchildren’s law” has given Spanish citizenship – and thus international mobility vital for trade and business connections - to more than 140,000 Cubans of Spanish descent, adding to the return of social and racial inequalities along historic hierarchies.

Migration, hence, is not only driven by labor opportunities and wage differentials, not does it only affect the migrants or the receiving countries; instead, it has a profound, even if often neglected, impact on non-migrants and sending country societies.

Key words: Migration, Cuba, Inequality, Race, Economy

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1. Introduction

Cuban politics, it seems, are marked by continuity. Despite the recent generational change in leadership, Communist Party rule persists. Beneath this veneer of stability, however, socialist Cuba is undergoing a profound restructuring of its society. In what was once one of the world’s most egalitarian societies, increasing social inequalities have become visible in everyday life. The socialist leadership is reluctant to address this issue as it touches on a core aspect of its revolutionary legitimacy. As a result, Cuba’s National Office of Statistics (ONE) publishes little data on the widening socio-economic gap.

This paper provides new and substantial data on the re-stratification of Cuban society that is currently taking place. The authors were able to conduct a unique survey with 1,049 Cubans across the island which clearly shows the growing patterns of socio-economic disparity. More disturbingly, it also reveals how strongly racialised this new social structure is.

The 1959 Cuban revolution and its radical social and economic policies broke with a past in which “class” tended to influence and overlap with most aspects of social life, including “race,” gender, income, education, and territory. Most private commerce, industry, and real estate beyond that for personal use was confiscated by the revolutionary government in the 1960s. The centralised, state-sponsored economy, which provided full employment and guaranteed modest income differences, was the great social elevator of the lower strata of society. As a result, by the 1980s Cuba had become one of the most egalitarian societies in the world (Mesa-Lago / Pérez-López 2005: 71).

However, with the demise of the Soviet Union, Cuba fell into a profound economic crisis, which persists until today (CEPAL 1997; Mesa-Lago 2005; Ritter 2004; Everleny/Torres 2013). The state economy’s capacity to provide basic goods and services as well as incomes sharply declined (Brundenius/Torres 2013; Domínguez et al 2012), and the value of the Cuban peso (CUP) fell dramatically. In 1993 the government opened the country to a dual monetary system by allowing a hard currency to circulate – initially the US dollar, which over time was replaced by the “convertible peso” or CUC, which is pegged to the US dollar (Ritter 1995).

After the crisis hit rock bottom in 1993/94, the economy regained some stability, but for many Cubans living conditions continued to be precarious. With an exchange rate of 26:1

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this dual currency situation continues to sharply divide both the economy and society to this day (Eckstein 2004, Everleny/Vidal 2001). This is most visible in the devaluation of state salaries. According to the most recent data, the average monthly Cuban salary is CUP 767 (ONE 2018: 5), which translates into a mere USD 30.

It is in this context that alternative sources of income, other than state salaries, have acquired extraordinary significance. Two such sources stand out: (1) money transfers from abroad, generally referred to as remittances, and (2) private market activities, whether informal or as legalised self-employment or small-scale businesses. However, the potential to tap into these resources is far from equally distributed in Cuban society. As a result, new social inequalities are emerging and doing so along clearly visible, racial lines.

The growing inequalities in Cuba have been addressed by numerous scholars on and off the island (e.g. Bastian 2018; Blue 2007; Burchardt 2002; de la Fuente 1995, 1999; Hansing/Openthalogel 2015; Hansing 2017; Mesa-Lago / Perez-Lopez 2005; Espina Prieto 2012; Hoffmann 1996; Zabala 2008). While these publications provide important insights, they are for the most part based on interviews, in-depth ethnographies, at times anecdotal evidence, or biographical studies (Bastian 2018: 53). What they all struggle with is a lack of comprehensive data.

The Cuban census regularly collects a wide array of data. However, the National Office of Statistics (ONE) publishes this data selectively and some significant data doesn’t get published at all. Regarding income inequality, for instance, it only publishes data for peso (CUP) salaries, not for hard-currency incomes (CUC). Also, the Gini coefficient, the international standard measure for income inequalities, has only been calculated on a CUP basis. As such, it is all but meaningless given the country’s dual currency context. This practice has now been discontinued as no Gini score has been published since 2000.2

Another key deficit in Cuba’s official statistics relates to the socio-ethnic composition of the population. The national census does ask for “skin colour” (color de piel), using three categories: white, black, and mulatto. However, for a long time data correlating “skin colour” with income or other measures of social status was not published at all. As such, the Cuban government’s 2018 report to the United Nations (MINREX 2018: 10) heralded the National Office of Statistics’ 2016 publication “Census Data by Skin Colour” (ONE 2016) as path-breaking. This publication, however, omitted many important issues where race has become a

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2 Monreal 2017. Official data for Cuba’s Gini index based on CUP indicate that it rose from .24 in 1986 to .38 in 2000, when the last figures were made available (Frank 2008).
significant social marker. Instead, the publication presented a selection of data that served to support the official discourse, according to which racial discrepancies have been largely overcome by the Revolution. The publication’s summary concludes that “the differences as to skin colour found in this study have low statistical significance. They show no major differences.” As our paper shows, such a statement says more about the National Office of Statistics’ study than about Cuban contemporary society.

Our paper proceeds as follows: Section 2 outlines the methodology used for the study’s survey. This is followed by a presentation of key results on the links between race and inequality, including their underlying causes as identified in the survey data. These include (1) the impact of past migration patterns and family remittances; (2) self-employment and small enterprises in the emergent private sector; and (3) the impact of an additional, foreign citizenship, which has become important since the 2013 liberalisation of Cuba’s migration policy. The concluding section reflects on the socio-racial re-stratification currently under way in Cuba and asks what implications this may have for policymakers and other actors on and off the island.

2. Methodology
At the heart of this paper is a survey which was taken by 1,049 Cubans from across the island. The survey and accompanying in-depth interviews were conducted by Katrin Hansing and a small Cuban research team with whom Hansing has worked on various projects for over a decade. The fieldwork was conducted between January 2017 and April 2018. Despite the constraints involved in conducting surveys in Cuba, Hansing’s and her team’s long-term research experience has shown us that by selecting a cross section of Cuban society based on age, gender, race, educational background, profession, income, and territorial/residential location, a semi-representative survey and reliable results are possible.

Whereas most studies on Cuba’s changing society tend to be heavily Havana-centric, this survey was carried out nationwide, in urban as well as in rural areas and in nearly all provinces (see Figure 1).³

³ ONE 2016: 4; orig. “Los diferenciales por color de la piel encontrados en este estudio son poco significativos desde el punto de vista estadístico. No aparecen marcados diferenciales.”

⁴ The data with the province’s name, in alphabetical order: Artemisa: 50; Camagüey: 50; Ciego de Ávila: 50; Cienfuegos: 36; Granma: 50; Guantánamo: 80; Holguín: 100; La Habana: 199; Las Tunas: 50; Matanzas: 90; Pinar del Río: 60; Sancti Spíritus: 50; Santiago de Cuba: 120; Villa Clara: 64.
The survey was made up of 50 questions, usually providing multiple choice answers, and sometimes including sub-questions. A note is due on the terms, categories, and method used in defining the respondents’ racial identity. The official Cuban census rejects the term “race” and instead uses the term “skin colour” (ONE 2016: 7-9). International studies on Latin America and the Caribbean use the terms “race” or “ethnicity”/“ethnic group.” In this paper these terms are used interchangeably.

The Cuban census allows for three different racial categories: “white,” “black,” and “mulatto” (ONE 2016: 4). In our survey we only used two categories – namely, “white” and “Afro-Cuban.” The former category includes all Cubans who are phenotypically “white,” while the latter includes all Cubans who are phenotypically of African descent. As to our method of racial identification: each interviewee was asked to self-identify him-/herself, and the interviewers were also asked to note down their classification of the person being interviewed. In all 1,049 cases, there was not one single discrepancy between the interviewees’ and interviewers’ responses. We are well aware that neither of these categories does justice to the complexity of “race” nor to the wide variety of racial identifications in Cuba. They cannot be more than a rough approximation, with all the deficits such a reduction

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5 We adhere to the statement on “race” adopted by the American Anthropological Association: http://www.aaanet.org/stmnts/racepp.htm. As such, we understand the term “race” (“racial” and “racism”) to be a social construction and use it as such throughout this text. Please note that the word “race” and its associations are used hereafter without quotation marks.

6 Up until the 2002 census it was the interviewer who defined what racial category individuals were identified with. Since 2012 the method has been changed and now allows for the interviewee to self-identify him-/herself (ONE 2016: 10). According to the National Statistics Office, there was no bias by method, as evidenced in the fact that there was no significant change in the data following the change of method (ibid).
of complexity entails. But given the societal relevance “race” has historically had and continues to have today, coping with the deficiencies of such categories is in our view better than not using them at all and, by doing so, being blind to the current social realities.

As mentioned, the survey sought to reflect a semi-representative cross section of Cuban society. With regard to “race”/skin colour, the Cuban census states that the population is 64 per cent white and 36 per cent black and mulatto combined (ONE 2016, S. 4). Our survey slightly deviates from this ratio, in that it includes 57 per cent whites and 43 per cent Afro-Cubans. As to gender congruence, our data overlaps with the official Cuban data: for 2016 the National Office of Statistics reports 50.19 per cent female and 49.81 per cent male residents (ONE: 2017: 2-3); our survey has 50.14 per cent female and 49.86 per cent male respondents. As to the territorial division, the capital city of Havana accounts for 19 per cent of respondents in our survey, which exactly mirrors its share of the national population (2.13 million out of a total of 11.24 million; ONE 2017: 2). Similarly, the five eastern-most provinces account for 35 per cent of the national population (ONE 2017: 2) and 36 per cent of our survey.

3. Social Inequalities along Racial lines

Social and racial inequality have been an integral part of Cuban society since the early days of the Spanish conquest. Africans were brought to Cuba as slaves as early as the sixteenth century but came in especially large numbers in the nineteenth century when Cuba became a prosperous sugar colony. The introduction of the sugar industry permanently changed the country’s social composition, shaping everything from property rights, labour systems, trade, and foreign relations to the island’s national culture and identity (Ortiz 1940). It was key in the formation of the island’s race, class, and social relations.

After the abolition of slavery in 1886 and in the subsequent republican period (1902–1959), race continued to determine people’s legal and social rights as well as their economic status (de la Fuente 1995, 1999; Helg 1995; Fernández-Robaina 1990). Afro-Cubans continued to be discriminated against and systematically excluded from higher positions in employment, public service, and politics and continued to make up the majority of the island’s poor and working classes (McGarrity 1995).
With the triumph of the Revolution in 1959, the race question was almost entirely subsumed under a broadly redemptive nationalist and subsequently socialist umbrella. The Revolution moved rapidly to dismantle institutional racism and other forms of socio-legal inequality, and the 1976 constitution explicitly prohibited any discrimination based on race or skin colour. Beyond this, the revolutionary government approached the issue of race from a strongly structural perspective, coherent with its Marxist views of history and society. As such it assumed that with the elimination of private property and class exploitation, racial inequality and discrimination would eventually disappear. The economic, social, and political measures implemented by the revolutionary government mainly benefited people of humble origins and thus most Afro-Cubans (McGarrity and Cardenas 1993). By the 1980s Cuba had become a relatively egalitarian society, with low levels of racial inequality in key areas of professional and social life.

Despite these achievements, the Revolution did not specifically target the society’s deeply ingrained culture of racism. Instead, the ideological rationale and revolutionary rhetoric of national unity and socialist equality introduced an official silence towards race-related matters, which transformed the issue into a semi-taboo topic (de la Fuente 1998a; Moore 1988). While race continued to influence social relations in the private realm, the Revolution’s ideal of egalitarianism was shared by large sectors of the population.

The year 1989 marked a watershed moment. The collapse of Eastern European socialism meant the loss of guaranteed overseas markets and generous Soviet subsidies. It sent Cuba’s economy into a free fall, from which it has still not emerged. If the state-run economy was a powerful social elevator for the upward mobility of Afro-Cubans in the past, it was precisely the decline of the state economy that reversed this process after 1989. Our survey data clearly reflects how much the socio-economic divide has widened and how strongly these inequalities overlap with race.

As noted above, the National Office of Cuban Statistics does not report on key income inequalities, as its publications only provide data on salaries in the highly devalued Cuban peso (CUP), thereby explicitly excluding hard-currency earnings (e.g. ONE 2017: 4). Unsurprisingly, with this type of accounting, official income differences continue to be low. In contrast, our survey asked for income as measured in the convertible peso or CUC. The results show a remarkable range. While almost three-quarters of respondents report an annual income of less than CUC 3,000, 12 per cent receive between CUC 3,000 and 5,000, and 14
per cent report incomes higher than CUC 5,000 and up to CUC 100,000 annually.

While the data shows that a sector of well-off Cubans is emerging, the contrasts are much stronger when we break this data down by race (Figure 2). Among Afro-Cubans, 95 per cent report a yearly income below CUC 3,000; in contrast, only 58 per cent of white Cubans fall into this lowest income category. In turn, income levels above CUC 5,000 are limited almost exclusively to white Cubans.
Monetary income is not the only factor defining material status, particularly in a socialist country like Cuba, where state subsidies are prevalent. Cuba’s welfare provisions have largely been non-monetary, and although their quality and scope have eroded over time, they still need to be taken into account. As such, despite major cutbacks the food-rationing system still distributes basic food supplies at almost symbolic CUP prices. Education and healthcare are free, and public transportation as well as arts/cultural and sports events are heavily subsidised. Also, given that most Cubans own their own home and rents are subsidised, housing costs are not as central a concern as elsewhere. However, because most state-run and private businesses have become CUC-based, it has become almost impossible for ordinary Cubans to satisfy their daily needs with their CUP salaries.

The increased monetisation of socio-economic affairs is a key ingredient of Cuba’s ongoing economic reform process. Access to a bank account is a good indicator of how prepared people are for this. Here, too, our survey provides strong evidence of the increasing race-based inequalities. Among white Cubans, 50 per cent of respondents reported having a bank account; among Afro-Cubans, this figure was a mere 11 per cent (see Figure 3).
Savings, in bank accounts or elsewhere, are another important indicator of socio-economic status. The level of savings shows not only how prepared people are to face adverse material circumstances but also how able they are to take advantage of possibilities in the market sector of the Cuban economy. More than 62 per cent of Afro-Cubans but only 12 per cent of whites in our survey report savings of less than CUC 100 (see Figure 4). On the other end of the spectrum, while 45 per cent of white Cubans have savings above CUC 500, this is only the case for 8 per cent of Afro-Cubans.

Figure 3. Bank Account Holders by Race

Figure 4. Savings by Race
The Internet came late to Cuba, is monitored by the state, and is very expensive and slow (Hoffmann 2004, Periodismo de Barrio 2018). Nevertheless, it is a crucial indicator of how well people are connected to modern communications and to the social and economic benefits these can bring. There is no official data that provides information about the relationship between Internet access and racial identity, but our survey reveals a profound cleavage (see Figure 5). Among Afro-Cubans, 70 per cent responded that they had no Internet access whatsoever; among whites this was down to 25 per cent. Almost two-thirds of white Cubans do have access via public areas such as the Wi-Fi zones in public parks; for Afro-Cubans this is a mere 28 per cent. Internet access at home is still low in all sectors of society but again much lower among Afro-Cubans.7

Figure 5. Internet Access by Race

A key step undertaken under Raúl Castro’s leadership was the migration law reform in 2013, which eliminated the domestic administrative obstacles for Cubans when leaving the island. Since then travel has increased greatly. In a context in which the petty import business into Cuba is booming (Ravsberg 2018), travel possibilities constitute an important material asset. In our survey, 31 per cent – almost one-third – of white Cubans reported having

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7 These data are, of course, a snapshot. The introduction of G3 mobile Internet services on the island in December 2018 will most likely contribute to the further expansion of Internet access among Cubans.
travelled since the migration law reform; among Afro-Cubans this figure was a mere 3 per cent (see Figure 6).

**Figure 6. Travel Abroad by Race**

![Travel Abroad by Race Chart]

Whether we look at income, access to a bank account, savings, Internet connectivity, or travel abroad, our survey results show that the inequalities that have opened up in Cuban society are profoundly marked by race. We now turn to the driving forces behind this process.

4. Past Migration Patterns and the Impact of Family Remittances

Migrant remittances have become an important source of external finance in much of the developing world. While one line of research has pointed to their positive effects, including the reduction of poverty, the provision of social security, and overall development (Orozco 2013; Ratha 2005), other scholars have underscored their detrimental impacts, stressing that they produce dependencies and lead to further outward migration (Abdih et al 2008; Chami et al 2008; Kapur 2003).

Although a latecomer to the group of remittance-receiving countries, Cuba receives an estimated USD 3.5 billion in money transfers a year (Havana Consulting Group 2017). This is a huge portion of the island’s yearly hard currency intake. However, the distribution of remittances in Cuban society is untypical for a country of the Global South due to the historic migration patterns on which these remittances are based.

In Mexico, Central America, and other countries in the region it has typically been the lower strata of society that have emigrated to the United States. In contrast, in Cuba the 1959
Revolution sparked the exodus of hundreds of thousands of mostly white upper- and middle-class Cubans, who had lost their power, property, privileges, and businesses. Between 1959 and 1973 more than half a million Cubans emigrated to the United States, most of whom settled in South Florida, especially Miami. In the following decades, other migrant cohorts enlarged the Cuban émigré community. Thanks to generous US federal assimilation aid, the emigrants’ social backgrounds, and their own entrepreneurial spirit, they became one of the most successful immigrant communities in post-WWII history (Portes and Stepick 1993) and built one of the most powerful political lobbies in US foreign policy (Portes 2007).

Despite the strong political rifts, the long-standing economic embargo, and deep-seated emotional wounds, the two Cuban communities – on the island and in the US diaspora – have been and continue to be much more closely connected than is usually publicly acknowledged. A wide range of transnational social, cultural, and religious ties have emerged over the past decades, of which family visits and the sending of remittances are the most visible (Cervantes-Rodríguez and Portes 2011; Hansing 2008; Hansing and Mahler 2003, 2005; Hoffmann 2005; Pedraza 2007).

The Cuban émigré community today represents all ages, all provinces on the island, all socio-economic and educational backgrounds, all religious affiliations, and all political views, etc. In many ways the Cuban diaspora reflects Cuba’s own diversity, with the exception of one key aspect – namely, the island’s racial composition. According to US census data, of the over 1.8 million Cuban-Americans, 85 per cent are white.8

This strongly racialised migration pattern has immediate consequences for remittances. Since the 1990s, a number of surveys have shed light on the impact and uses of remittances in Cuba (Hansing and Orozco 2009; 2014; Mesa-Lago 2005), but Sarah Blue’s study (2007) is the only one that has specifically focused on the relationship between remittances and race. However, her research only focused on a few neighbourhoods in Havana, and it did so in 2000, when the volume of remittances was still much lower and private business possibilities much fewer. Since then no substantial empirical research on the links between remittances and race has been undertaken. However, during the past 15 years the volume of remittances to the island has more than doubled. To this, an increasing amount of remittances in kind (consumer goods) needs to be added, which some estimates believe to

8 U.S. Census Bureau 2011: 14. According to these data, only 4.6 per cent define themselves as “black or Afro-American” while almost 10 per cent declare “some other race” or “of two or more races” (ibid.); it seems probable that many of the latter would, in the coding of the Cuban census, fall into the category of “mulattoes.”
be as high in volume as the monetary remittances.\textsuperscript{9}

Our survey confirms that remittances mainly flow along family lines. In fact, only 2 per cent of respondents stated that the sender of their remittances was a friend, while for all others it was a family member. Among white respondents, 93 per cent had a family member abroad; among Afro-Cubans only 34 per cent did. This translates into unequal access to remittances. In our survey, a total of 56 per cent of respondents received remittances. Of these remittance receivers, 78 per cent were white and only 22 per cent Afro-Cuban (see Figure 7). We could call this a form of unequal, discriminatory development through remittances.

**Figure 7. Remittance Receivers by Race**

![Remittance Receivers by Race](image)

However, the most striking racial divide comes from the 44 per cent of respondents who did not receive remittances at all. When asked why they didn’t receive remittances, 85 per cent of Afro-Cubans responded that they did not have family abroad, while among whites this was the case for only 28 per cent (see Figure 8). Among Afro-Cubans, the remaining 15 per cent said that their relatives abroad don’t send money; for whites, this was 10 per cent. However, there was a third category: 62 per cent of the whites without remittances said they don’t receive any because they “are fine” (“estoy bien”). In others words, they don’t need monetary support from their family abroad. Amongst Afro-Cubans, not a single respondent answered in this manner.

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\textsuperscript{9} Cuban Emigrés Sent More Than $3.5 Billion in In-Kind Remittances in 2013, by The Havana Consulting Group, 3 July 2014.
The general assumption is that people who receive remittances are better off than those who don’t. This is also true in the case of Afro-Cubans. The 28 per cent of Afro-Cubans who received remittances reported a slightly higher average income than those who didn’t (see Figure 9). However, the situation is different for white Cubans. Here, somewhat counterintuitively, those who received remittances reported significantly lower incomes (on average less than CUC 5,000 annually) than those who did not (on average more than CUC 8,000).

**Figure 9. Annual Income**
We find the explanation for this when we take a closer look at the group of white Cubans without remittances (see Figure 10). In all other categories – Afro-Cubans with or without remittances and whites with remittances – the great majority reported an income below CUC 3,000, with declining numbers for higher incomes. For whites without remittances, however, we see a “camel-back” pattern: there is a first “hump” of approximately 22 per cent for the lowest income category below CUC 3,000, but then there is a second “hump” of 35 per cent reporting incomes of either CUC 20,000–40,000 or CUC 40,000–60,000.

**Figure 10. Annual Income – Whites without Remittances**

In other words, among whites who do not receive remittances, those who are relatively poor are a minority group, whilst a larger number is what we could call “living above the remittance line.” Given that their incomes are sufficiently high, they do not need money transfers from abroad to support them.

The logistic regression on income for the four social groups that result from combining race and remittances underscores the above findings (see Table 1). Whites without remittances have the highest positive coefficient for having an income above CUC 3,000, followed by whites with remittances. Afro-Cubans, in contrast, show a negative correlation – less markedly if they have access to remittances, and more strongly if they don’t. This also
holds true when we control for age, gender, and educational level. The table shows that these factors do have a significant impact on income, but it is a very similar one within each of the four categories. The much bigger difference is not within, but between the category of race and remittances.

Table 1. Logistic Regression Coefficients with Annual Personal Income as the Dependent Variable
-- see Annex --

We can illustrate this result by calculating predictive margins. For example, a male Cuban between 41 and 50 years of age, with a university degree (see Table 2) is four times more likely to have an income higher than CUC 3,000 if he is white than if he is Afro-Cuban. We can then add the category of remittances: if both individuals do not receive family transfers from abroad, the likelihood of a white male earning more than CUC 3,000 is eight times greater than that of an Afro-Cuban in the same age, gender, and educational level categories.

Table 2. Adjusted Predictions Margins (for a male, aged 41–50, with a university degree)
-- see Annex --

5. Self-Employment and Small Enterprises
When in the 1990s the US dollar was legalised in Cuba and remittances started to pour in, these mainly served, as elsewhere, as a private “social safety net.” Sarah Blue’s research (2007), conducted in 2000, showed how access to remittances translated into higher levels of consumption. This is still the case for many, but the current economic reform process has given remittances a new significance which goes beyond these differences in daily consumption.

While in the mid-1990s the first legal spaces for self-employment, such as private restaurants (paladares) and room rentals, were opened up, these remained limited and narrowly controlled by the state. Since 2006, under Raúl Castro’s leadership, the gradual opening up of private sector activities has picked up speed and became part of the government’s long-term strategy (PCC 2011; Hoffmann 2016). These reforms have changed Cuba’s economic landscape, turning private vendors and services as well as cafeterias into a
regular part of daily life. Remittances now no longer merely serve as a private safety net but have become a key source of capital for investment.

The National Office of Statistics’ report on the census data according to skin colour does address what it calls the “participation in the so-called ‘emergent sector’ of the economy” (ONE 2016: 37). For those working as “self-employed,” it does find higher participation of whites than Afro-Cubans. The self-employed make up 8.6 per cent of whites versus 6.4 per cent of blacks and 6.6 per cent of mulattoes. The publication concludes that there is “a certain difference in favour of whites”\(^{10}\) (ibid).

In the official statistics this imbalance is still relatively modest. But this is only the case because the National Office of Statistics’ publication does not distinguish between different types of private sector activities or between different levels of income generated by these. However, there is enormous diversity in terms of what falls under so-called “private sector activities,” from street vendors, who sell peanuts for a few pesos cubanos (CUP), to people who own and rent out private rooms or entire apartments to foreigners in hard currency or CUC. In contrast to the National Office of Statistics’ data, our survey did take these differences in income in the private sector into account.

The Cuban government has long insisted on keeping private economic activities small-scale. The very term “self-employed work” \((trabajo por cuenta propia)\), rather than small or medium enterprises, keeps this sector linguistically in the realm of “workers,” not entrepreneurs. In practical and legal terms there are also numerous restrictions to prevent private sector businesses from growing “too much.” As a result, most activities are indeed small-scale and while they generate higher incomes than the state sector, most people earn a fairly modest living.

Our survey reflects this. Of the 286 respondents undertaking private sector activities, more than 60 per cent reported sales of less than CUC 500 per month. However, the racialised stratification within this sector becomes evident when this data is disaggregated along racial lines (see Figure 11). Of the Afro-Cubans engaged in private sector activities, 77 per cent have sales below CUC 250 per month; among whites this is a mere 30 per cent. Among high-revenue businesses we find the opposite. Almost half of the self-employed whites have monthly sales above CUC 500, compared to a mere 7 per cent among self-employed Afro-Cubans. Almost a third of white Cubans in this sector reported monthly sales above CUC 1,000; not a single Afro-Cuban did.

\(^{10}\) Orig.: “cierto diferencial en favor de los blancos” (ibid).
The differences in income in Cuba’s private sector are largely dependent on the type of activities the self-employed engage in. There are two types of businesses that can be considered high-revenue activities: (1) the room/apartment rentals that have grown at par with the boom in tourism, and (2) the private restaurants (*paladares*), which mainly cater to tourists and to the small but growing number of relatively high-income Cubans. As the laws do not allow the leasing or acquisition of state property for these activities, both room rentals and restaurants depend crucially on the availability of large private homes.

Here, the issue of pre-revolutionary property is significant. After 1959 the revolutionary government confiscated private businesses and seized all rental housing properties. Under the Urban Reform Law of 1960 an individual was allowed to keep one private home (house or apartment) and one vacation home (at the beach or in the countryside), (Bastian 2018: 127). Until the 1990s this meant that certain individuals and families were privileged in terms of their housing situation – but not much more. However, with the legalisation of private room/home rentals and restaurants in the 1990s, the grand mansions and spacious apartments from the pre-revolutionary era became the crucial base for entering and benefitting from the most lucrative segments of the new market economy. Given the racialised stratification of Cuba’s pre-1959 society, the access to such real estate – and hence the possibility of opening a restaurant or a bed and breakfast – has starkly disfavoured Afro-Cubans.
This “property bias” was given further fuel by Law 288, which as part of Raúl Castro’s economic reform agenda legalised the buying and selling of private property. This re-commodification evidently favours pre-revolutionary elites who kept their property, as well as those revolutionary cadres who after 1959 were allotted confiscated property to live in.\textsuperscript{11} It also favours a third, often overlapping sector – namely, those with family members abroad willing and able to finance real estate acquisitions on the island.\textsuperscript{12} In racial terms, this circumstance again tilts strongly in favour of white Cubans.

Our survey data on occupations in the emergent private sector provides evidence of the resulting racial imbalances. Among self-employed Afro-Cubans the largest share is that of petty vendors (28 per cent), followed by craftsmen (20 per cent), and small-scale gastronomic services (15 per cent) (see Figure 12). No Afro-Cuban owns a private restaurant, and only one respondent (2 per cent) reported renting out accommodation. In contrast, among whites, renting private accommodation is the single biggest category (30 per cent); restaurants are relatively few, at only 4 per cent, but this is a category in which Afro-Cubans are entirely absent. Petty vendors, the number one category among Afro-Cubans, only accounts for 6 per cent of white respondents.

\textbf{Figure 12. Type of Business by Race}

\textsuperscript{11} In this context Bastian (2018: 125) speaks of the beneficiaries as “Cuba’s two historical ruling classes: the children and grandchildren of pre-revolutionary elites who remained in Cuba after the Revolution, and the descendants of revolutionary leaders.”

\textsuperscript{12} In fact, prices of the transactions on the island are often under-declared to minimise taxation; it is not rare that the undeclared part of the transaction takes place “offshore,” passing from one Miami bank account to another.
If we single out the two categories identified as high-revenue activities – accommodation and restaurants – a stunning 98 per cent of businesses are in the hands of white Cubans. Most of these people report that they do not receive remittances. In fact, this is the core of those who don’t receive remittances because, as they say, “they are fine” (see above). There may, however, also be a semantic issue at work. The concept of remittances (remesas) usually refers to a relatively small amount of money which is sent to an individual or a family to help them cover their basic monthly costs. The Cubans who “are fine” may in fact be receiving money from relatives abroad but don’t see this as remittances but rather as start-up capital or as a joint “family investment” to purchase a house or car, renovate a home, or start a business. The new economics of labour migration conceive of “remittances as an intra-family loan arrangement” (Poirine 1997) and this is the prototypical Cuban version of it.

6. Impact of Additional Foreign Citizenship

As we have seen, transnational links based on past racialised migration patterns have had an enormous impact on the restructuring of Cuban society currently taking place. As part of this, another factor comes into play – namely, the ability, or inability, to obtain a second, foreign citizenship.
This issue gained prominence in Cuba when in 2007 a Spanish law – colloquially called the “grandchildren’s law” (Ley de nietos)\textsuperscript{13} – gave the right to acquire Spanish citizenship to whoever could claim to have a Spanish grandparent. In many countries, people of Spanish descent took advantage of this possibility to obtain a Spanish and hence EU passport, but in Cuba the impact was enormous. As of 2018, more than 110,000 Cubans have become Spanish citizens under this law and another 70,000 applications are still being processed.\textsuperscript{14}

In our survey, 68 of 1,049 respondents reported holding a second citizenship. Of these, 85 per cent held Spanish citizenship; the remainder were split up among different nationalities, acquired mostly through marriage.\textsuperscript{15} This underscores the crucial impact of Spain’s “grandchildren’s law.” As it is based on Spanish ancestry it is of little surprise that access to Spanish citizenship is, exceptions apart, a privilege of white Cubans. In our sample, there was not a single dual citizen among the Afro-Cubans.

A second citizenship is of great value in many parts of the world, as the spread of citizenship-by-investment programmes shows (Shachar 2018). In Cuba, the privileges of an EU passport are immediately tangible: such a passport is the key to international mobility. As noted above, the migration law reform eliminated the administrative hurdles for leaving the island. Since then, obtaining a visa to enter Europe, the US, or most other countries has become the bottleneck constraining Cubans’ travel possibilities, not Cuban regulations. However, Cubans with an EU passport bypass these visa requirements. The survey data shows how much higher international mobility is among dual citizens: 98 per cent had travelled abroad since the 2013 migration law, compared to a mere 14 per cent of those with only Cuban citizenship.

Travel possibilities are the key resource for the flourishing petty import business that brings everything from clothes to cell phones, and from spices to air conditioners into the

\textsuperscript{13} The official name is “Historical Memory Law” (“Ley de Memoria Histórica”). Its main purpose was to heal wounds from the country’s civil war and give recognition to the victims of the Franco dictatorship (Boletín Oficial del Estado 2007). Granting citizenship to the grandchildren of Spanish émigrés was not at the core but merely an “additional disposition” of the law. While there were emotional debates about the law as such, this aspect was hardly discussed in Spain when the law was passed.

\textsuperscript{14} Interviews with Ministra Consejera Nuria Reigosa Conzález of the Spanish embassy in Havana, 2 February 2018, and with Cónsul Marta de Blas of the Spanish consulate in Havana, 5 February 2018.

\textsuperscript{15} Another rapidly growing group of dual citizenship holders are Cubans who have emigrated and become naturalised abroad and then decided to repatriate to Cuba. This group, called “repatriados” (repatriated), is a recent phenomenon and according to the director of Cuban Consular Services over 40,000 applications for repatriation have been filed since 2013. Many of these repatriated Cubans are in part reclaiming their Cuban citizenship in order to buy property on the island, a right that is still exclusively reserved to Cuban residents. https://www.elnuevoherald.com/noticias/mundo/americ-latina/cuba-es/article220432970.html
country. In addition, an EU passport paves the way to opening a bank account abroad, which is of much value for transnational business, renting apartments, or getting a credit card. The privileges also extend to the family as spouses of Spanish citizens are given the right of residence and, over time, can also obtain citizenship.

In all questions on material status the group of Cubans with a second citizenship came out on top. Regarding income, 47 per cent of dual nationals were in the highest income categories of CUC 20,000 or more per year – compared to less than 3 per cent of those with only Cuban citizenship. Except for one respondent, all dual nationals had family abroad; all others either received remittances or didn’t need them (“estoy bien”). In spite of the high number of senior citizens among the dual nationals, more than half of them had their own business, which in 4 out of 5 cases meant one of the two high-revenue businesses, renting accommodation or having a restaurant.

It should be noted that Cuba’s 1976 constitution is explicit in not allowing Cubans to hold a second citizenship. Art. 32 states: “Dual citizenship is not admitted. As a consequence, if a foreign citizenship is acquired, the Cuban citizenship will be lost.” In practice, however, it has become fully accepted that Cubans hold a second passport and make use of it when they are outside the country. Interestingly, the government’s 2018 draft of the constitutional reform states that it will change the island’s Magna Carta to give this practice constitutional standing.

While the group of Cuban dual nationals is not significant in number, it is central to who makes up the top echelons of Cuba’s new social structure. In a context in which international mobility is a key economic asset, these individuals are among the major players. The impact is particularly striking because the coveted EU passport is accessible almost exclusively to a social group that is already better off – namely, white Cubans with family abroad. It is a privilege that comes “on top” of and reinforces an already favourable social status.

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16 República de Cuba 1992; translation by the author. (Orig. “No se admitirá la doble ciudadanía. En consecuencia, cuando se adquiera una ciudadanía extranjera, se perderá la cubana.”)
17 Asamblea Nacional del Poder Popular (2018). The draft adopted by the National Assembly will be put to discussion by the population before ratification in a referendum scheduled for 2019. The introduction to the draft text states: “Regarding citizenship, the fundamental change is that we modify our adherence to the non-admission of dual citizenship; in its place, it is proposed to adopt the principle of ‘effective citizenship,’ which means that ‘Cuban citizens, when within the national territory, are defined by this condition and cannot make use of a foreign citizenship.’” (Orig.: “Respecto a la ciudadanía el cambio fundamental radica en que se modifica nuestra afiliación a la no admisión de la doble ciudadanía y, en su lugar, plantea acogernos al principio de “ciudadanía efectiva”, que consiste en que “los ciudadanos cubanos, en el territorio nacional, se rigen por esa condición y no pueden hacer uso de una ciudadanía extranjera.”)
7. Conclusions

In the past, migration studies predominantly focused on migrants and their integration into receiving societies. Recent debates in the field have called for broadening the perspective: to “de-migrantize” migration studies, in the words of Dahinden (2016), and to more systematically make connections between migrants and citizens, as Anderson (2017) argues. This paper underscores the need for such a broader perspective. It shows how migration concerns sending societies no less than receiving societies; that it not only affects migrants, but also those who do not migrate; and that dual citizenship policies in receiving countries not only have effects for migrants in these, but that they also have an impact on the social structure of the societies of origin.

As this paper has shown, social and racial inequalities are rapidly increasing in Cuba. Notwithstanding this reality, the socio-economic cleavages on the island are not as profound and the racial imbalances not as deeply engrained as in many other Latin American countries. The universal coverage of social services including education and health continues to be – despite their eroding quality – an important factor in maintaining social cohesion. Also, the political bureaucracies of the party, state, and security apparatus provide avenues of social ascension for Afro-Cubans, as do sports, the arts, and culture.

Nevertheless, given that overcoming social inequalities and racial discrimination has been at the very core of the revolutionary project, the growing social and racial re-stratification described in this study is dramatic and a source of enormous popular frustration. Moreover, it has a number of immediate political implications.

For one, the increasing social inequalities lend urgency to the reform of Cuba’s social welfare system. At present, the system is based on the principle of universal, equal coverage. As such, all Cubans receive the highly subsidised food provisions via a ration system, regardless of whether they need them or not. The issue of moving from a universal ration-card system to a targeted social safety programme based on need has been on Cuba’s reform agenda for many years without being tackled (Carranza et al 2004). Postponing its implementation has not helped to curb social inequalities.

There is much at stake. For the socialist government, rising inequalities touch upon a key pillar of political legitimacy. While Raúl Castro’s reform agenda bid farewell to the excessive egalitarianism of the past, the state and party leadership still claim to be the guardians of social justice and societal cohesion. A central instrument in this regard has been
putting the brakes on the growth of the private sector – for instance, by restricting the size of businesses, freezing the licensing process, closing down prominent restaurants, or cracking down on middlemen with much fanfare. It is precisely this attitude which has prevented the reform process from gaining sufficient dynamism to propel economic development. As Cuban economist Ricardo Torres (2018) comments, “We have almost always tried to solve the issue of equality by equalising downward.”

Not only is the brake on the private sector at odds with the hopes of economic growth through reform, it also overlooks that the root cause of the widening social gap is not the opening of small businesses, but rather the massive decline of the state sector. Real wages are still at an estimated 39.3 per cent of what they were in 1989.\(^{18}\) The state economy, which used to be the great social elevator, has now had the reverse effect. Finding solutions here is much more difficult than simply putting the brakes on the private sector. In all these years of reforms the government has not managed to overcome the inefficiencies of the state sector in a way that would allow real wages to be raised significantly.

Even if it suffers from a lack of data, the debate on social inequalities has by now become a legitimate issue of public discourse in Cuba. But the racial connotations of these inequalities are largely being dismissed. Scholars as well as activists on the island are increasingly demanding that the National Office of Statistics publish data on the relationship between race and social inequality in more meaningful ways. In the words of the Afro-Cuban scholar Esteban Morales: “The Cuban population is treated as a homogenous mass. This is an error of incalculable dimension […] “black skin colour” has always been a category of social differentiation – a category that is not taken into consideration by our national statistics apparatus.”\(^{19}\) This is what our research has addressed. Its analysis shows how strongly the pre-revolutionary, racialised social structure is shaping the current reproduction of social inequalities.

The dominant reading in Cuba, within the Communist Party and beyond, is that market mechanisms are economically efficient but create undesirable social inequalities. The political task, then, is to weigh the pros and cons and to find the right balance. However, this logic

\(^{18}\) Data for 2016 (Mesa-Lago 2018).

\(^{19}\) Morales, Esteban (2018): orig: “La masa poblacional cubana es tratada de manera homogénea. Lo cual es un error de magnitud incalculable […] el ‘color negro’, se ha comportado, funcionado siempre como una variable de diferenciación social. Variable, que casi nunca ha sido tomada en consideración por nuestro aparato estadístico nacional.”
completely misses the point that Cuba’s new economy does not start out from a level playing field. Afro-Cubans are far less likely to have a relative in Miami who can offer start-up capital for a small business, or a grandparent in Madrid who can provide a Spanish passport. To date there is also no proper credit system in place to compensate for this. With much less access to financial capital, goods, and mobility, Afro-Cubans are being clearly disadvantaged. In the current re-stratification of Cuban society, this structural racial bias is turning back one of the proudest historic achievements of the Cuban Revolution.

Bibliography


Hoffmann, B. (2016), Bureaucratic socialism in reform mode: the changing politics of Cuba’s post-Fidel era, in: Third World Quarterly, 37, 9, 1730-1744


## ANNEX

### Table 1

**Logistic Regression**  
**Dependent Variable:** Annual Personal Income  
**Coefficients**

<table>
<thead>
<tr>
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<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
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<td>Group 1: Afro-Cubans without remittances</td>
<td>-2.948***</td>
<td>-0.953**</td>
<td>2.200***</td>
<td>0.614***</td>
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<td></td>
<td>(0.359)</td>
<td>(0.353)</td>
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<td>Age = 1, 17–30 (base)</td>
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<td></td>
<td></td>
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<td>Age = 2, 31–40</td>
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<td>1.187***</td>
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<td>(0.311)</td>
<td>(0.327)</td>
<td>(0.315)</td>
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<td>Age = 3, 41–50</td>
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<td>(0.311)</td>
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<td>(0.313)</td>
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<td>(0.319)</td>
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<td>Age = 5, 61+</td>
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<td>(0.468)</td>
<td>(0.461)</td>
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<td>(0.474)</td>
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<td>Gender = 1, Female</td>
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<td>(0.176)</td>
<td>(0.168)</td>
<td>(0.177)</td>
<td>(0.171)</td>
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<td>Education = 1, University</td>
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<td>1.651***</td>
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<td>(0.176)</td>
<td>(0.166)</td>
<td>(0.179)</td>
<td>(0.168)</td>
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<td>Constant</td>
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<td>-2.549***</td>
<td>-2.866***</td>
<td>-2.930***</td>
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<td></td>
<td>(0.286)</td>
<td>(0.279)</td>
<td>(0.297)</td>
<td>(0.293)</td>
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<td>Observations</td>
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<td>1,047</td>
<td>1,047</td>
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<tr>
<td>Wald chi2</td>
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<td>175.3</td>
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<td>Prob &gt; chi2</td>
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Robust standard errors in parentheses  
*** p<0.01, ** p<0.05, * p<0.1  
Annual personal income > CUC 3000 (=US$)
Table 2

Adjusted Predictions Margins (male, age group 41–50, with university degree)

<table>
<thead>
<tr>
<th>VARIABLES</th>
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<th>(2) Internet access</th>
<th>(3) High-revenue business</th>
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<td>0.349***</td>
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<td>(0.0412)</td>
<td>(0.0628)</td>
<td>(0.00932)</td>
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<td>Group = 2, Afro-Cubans with remittances</td>
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<td>0.899***</td>
<td>(omitted)</td>
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<td>(0.0913)</td>
<td>(0.0309)</td>
<td></td>
</tr>
<tr>
<td>Group = 3, Whites without remittances</td>
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<td>0.919***</td>
<td>0.425***</td>
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<td>(0.0223)</td>
<td>(0.0209)</td>
<td>(0.0724)</td>
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<td>0.910***</td>
<td>0.0958***</td>
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<td>(0.0496)</td>
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<td>763</td>
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Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1